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STATEMENT OF  
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BEFORE THE  
SUBCOMMITTEE ON CHILDREN, FAMILY, DRUGS AND ALCOHOLISM  
SENATE COMMITTEE ON LABOR AND HUMAN RESOURCES  
ON THE  
COMMUNITY SERVICES BLOCK GRANT



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Madam Chairman and Members of the Subcommittee:

I am pleased to be here today to discuss the Community Services Block Grant (CSBG). GAO has just completed a review of the use of CSBG funds by 16 community action agencies (CAAs) in eight states. The states are: California, Colorado, Florida, Iowa, Michigan, Mississippi, New York, and Vermont. The 16 community action programs reflect the diverse character of CAAs nationwide. They range from urban programs in New York City to rural programs in Bonifay, Florida. Half are publicly managed and half are run by private non-profit organizations. The geographic areas they serve range from a single city to a 10 county area. In addition to visiting CAAs, we discussed the community action programs with social services agency officials and top local government officials in the same communities.

My testimony this morning will focus on our analysis of three major issues:

--What do CSBG funds support?

--Do activities funded by CSBG duplicate services provided by local social service agencies?

--How could the loss of CSBG funds affect CAAs?

#### CSBG SUPPORTS BOTH SERVICES AND ADMINISTRATION

Eleven of the 16 CAAs we visited used 70 percent or more of their 1985 CSBG funds to deliver services to the poor. The most

common services funded by the 16 CAAs were (1) information, referral, and outreach activities; (2) emergency services, such as providing groceries or temporary shelter; and (3) nutrition services, such as self-help gardening and food-canning projects. CAAs also used their CSBG funds to help individuals obtain financial assistance for housing, train home day-care providers, arrange transportation, and provide home meals for the elderly, ill, and handicapped. The CAAs had identified the need for these services through such means as periodic needs surveys, public participation forums, and analysis of statistics compiled by the U.S. Census Bureau and other federal, state or local agencies.

These same 11 CAAs used less than 30 percent of their 1985 CSBG funds for administrative expenses. The other five CAAs used amounts for administration ranging from 31 percent in Los Angeles to 58 percent in Steuben County, New York. These funds were used primarily to pay office expenses, such as salaries of the executive director and fiscal officer. Our analysis shows that the private non-profit CAAs we visited used a greater proportion of their CSBG funds for administrative costs than public CAAs. Just 1 of the 8 public CAAs we visited used more than 30 percent of its CSBG funds for administration while 4 of the 8 private nonprofit CAAs used from 37 to 58 percent for administration.

Most CAA officials told us that CSBG plays an important role in supporting the administration of certain other federal

programs. For example, Agriculture's surplus commodity food program provides no administrative expense funding, and Energy's weatherization program provides 5 percent. In such situations, CSBG funds are used to pay the administrative costs that exceed allowed amounts. In addition, we found that two CAAs chose not to charge categorical program funds for some or all of the allowed administrative costs in order to have more funding for direct services. For example, the Bonifay, Florida CAA did not charge its Head Start program the full 15 percent allowed for administration because it wanted to serve a certain number of children; CSBG funds were used to make up the difference. Private non-profit CAAs tended to use CSBG funds to support other categorical programs more frequently than public CAAs; all eight private agencies said they used CSBG funds for such purposes while only 3 of the 8 public agencies did so.

In sum, CSBG is viewed as the discretionary money that enables CAAs to identify community needs, provide services not available under other federal or state programs, and support administrative operations.

CSBG-FUNDED SERVICES COMPLEMENT RATHER THAN  
DUPLICATE LOCALLY PROVIDED SOCIAL SERVICES

Our analysis shows that the CSBG-supported services generally do not duplicate those provided by the local social services agencies. About half of the 112 CSBG-supported

services were targeted to fill specific unmet needs not addressed by social service agencies. While the other half seemed on the surface to be similar, closer inspection during our on-site reviews showed that, in all but one instance, either the types of clients served or the specific services offered were quite different.

In Newport, Vermont, for example, the social services agency provides day-care services while the community action agency uses CSBG funds to support the training of day-care personnel. Both are labeled day-care services. In Detroit, the social services transportation program provides medically related transportation for the elderly, while the CAA's transportation program provides for non-medical transportation needs, such as grocery shopping.

In the one instance where we did find that duplicative types of services were offered, the Department of Welfare in Hattiesburg, Mississippi, had a county-funded emergency services program with a total budget of \$300 per month, which included utility payments to the poor. The local CAA also had an emergency services program which made cash payments for the same purposes. Neither agency was aware of the other's program, due to a lack of communication between the two.

Madam Chairman, I want to emphasize that to assess the duplication issue, GAO developed information on actual services delivered by the CAAs and social service agencies in each of the 16 communities visited. The service information was assembled into 21 categories for analysis. We then compared the type of

services offered and the clientel served to determine whether the services were or were not duplicative. The chart in Appendix I shows the results of our analysis.

Sometimes CAAs also provided supplemental services to social services agency clients through an emergency services program. For example, if an individual exhausted his or her food stamps before the end of the month, the CAA would provide groceries. In other situations, the CAA provided emergency assistance to individuals, such as food and shelter, while their applications for social services benefits were pending.

CAAs and local social services agencies are usually aware of each other's services and try to prevent duplication through a variety of formal and informal coordination mechanisms. Although this coordination seems to avoid duplication, opportunities exist to improve both policy and service delivery coordination. For example, 10 of the 16 community action agencies had local social service representatives on their governing or advisory board, but only five local social service agencies had community action agency representatives on their governing or advisory board. Only seven of the 16 CAAs and local social services agencies had copies of each others plans, and only three of these seven reviewed each others' plans.

At the service delivery level, agencies coordinate through formal agreements and client referral systems. In all 16 localities CAAs and social service agencies had formal client

referral systems for some or all of their services. For example, in El Paso County, Colorado, there is a clearinghouse which maintains an inventory of services provided to individuals. Most local providers participate in this activity specifically to avoid duplication. In 9 localities, CAAs and social service agencies had formal agreements in some service areas that identified specific responsibilities for different aspects of service delivery operations.

At the state level, 4 of the 8 states required community action and social service agencies to coordinate their services. In two states where coordination agreements existed between the two programs at the state level, CAAs and the local social services agencies also had a high degree of coordination for both policy and service delivery.

LOSS OF CSBG FUNDS  
COULD AFFECT CAAs

According to the CSBG's national voluntary reporting system, CSBG provided about 11 percent of community action agencies' total budgets in 1984 on a nationwide basis. For the 16 locations we visited, CSBG's share of total CAA funding averaged 17 percent in 1985, ranging from 3 percent in Des Moines to 74 percent in El Paso County. Even though CSBG funds usually represent a small proportion of total funding, CAA directors told us that these funds play an important role in program administration and service delivery. How the loss of CSBG funds would affect CAAs is not certain at this time. However, three factors could be influential.

First, some suggest that existing federal and state grants could be used to fund administrative operations now funded by CSBG. However, only two of the CAAs we visited do not charge the full amounts allowed for administrative expenses under other programs.

Second, state and local governments could fund CAAs by replacing lost CSBG funds. While state and local actions cannot be predicted, only 4 of the 16 localities and 2 of the 8 states we visited mitigated the cuts when community services funds were reduced in 1981. State and local officials we talked to were generally supportive of CAA activities; however, none thought their state or local governments would replace lost CSBG funds. The reasons most commonly given for their inability to replace any CSBG cuts were the pending cuts in other federal and local government programs. For example, Shasta County, California is preparing for retrenchments of its own programs as a result of the anticipated loss of its \$1.6 million General Revenue Sharing funds and believes it would be unlikely that it could also replace lost CSBG funds.

Third, it has been suggested that SSBG funds could be used to fund CAA operations or services. State officials, however, said current SSBG funding is insufficient to meet existing demands and that the two programs serve different clients or cannot fund community service-type activities.

We asked CAA directors what the impact of the termination of CSBG would have on their operations if other funding was not

available. All but three said they either would provide only categorical services which had administrative funding available, or they would close. While we are unable to evaluate the responses of these agency directors, the reaction of these same CAAs to the 1981 cuts may be instructive. In the services area, all were reluctant to cut direct services or eligibility requirements. With respect to curtailing operations, most chose to reduce staff and outreach services or centers.

This concludes my statement and I would be pleased to respond to any questions you may have.

U.S. General Accounting Office  
Analysis of CSBG and Locally Provided Social Services

Community Action Agency Visited	Number of services		Number of CSBG services		Number of duplicative services
	Social Services Programs	CSBG	Different	Similar	
<b>CALIFORNIA</b>					
Shasta County Community Action Agency	8	5	3	2	-
City of Los Angeles Community Action Agency	10	10	6	4	-
<b>COLORADO</b>					
Denver Department of Social Services	11	6	3	3	-
El Paso County Department of Social Services	15	8	2	6	-
<b>FLORIDA</b>					
Tri-County Community Council, Inc.	10	5	4	1	-
Dade County Community Action Agency, Inc.	9	10	7	3	-
<b>IOWA</b>					
City of Des Moines, Office of Neighborhood Services	16	6	1	5	-
Hawkeye Area Community Action Program, Inc.	17	8	1	7	-
<b>MICHIGAN</b>					
City of Detroit, Neighborhood Services Department	10	5	3	2	-
Northwest Michigan Human Services Agency	10	7	4	3	-
<b>MISSISSIPPI</b>					
Pearl River Valley Opportunities, Inc.	13	3	1	2	1
Gulf Coast Community Action Agency, Inc.	13	4	2	2	-
<b>NEW YORK</b>					
New York City Community Development Agency	15	11	3	8	-
Steuben County Economic Opportunity Program, Inc.	9	9	6	3	-
<b>VERMONT</b>					
Northeast Kingdom Community Action, Inc.	8	6	2	4	-
Champlain Valley Office of Economic Opportunity	8	9	4	5	-
<b>Totals</b>	<b>182</b>	<b>112</b>	<b>52</b>	<b>60</b>	<b>1</b>